

USAID in Egypt Activity Report for U.S. – Egypt Business Council

Overview

USAID will administer \$615 million in economic assistance to Egypt in 2003. A significant portion of this money funds projects seeking to bring improvements in the areas of economic growth, including trade, enterprise financing, agriculture sector modernization and workforce development. Support to the US-Egypt Business Council, for example, comes through USAID's Growth through Globalization initiative, which seeks to increase exports and labor productivity as a means of accelerating economic growth and job creation in Egypt.

This report highlights USAID projects currently working to promote economic growth-related reforms and development in Egypt. For more information on USAID projects in Egypt, visit their website: www.usaid-eg.org/

Recent USAID News

Mid-April - USAID releases \$96.4 million to support trade reform (\$80.9 million), health care (\$14.3 million) and agriculture sector modernization in Egypt.

April 21, 2003 – USAID's Data Access and Transmission Activity (DATA) launches the Ministry of Planning's new system of national accounts, and announces the monthly and quarterly dissemination of timely and accurate economic indicators, including national income and product accounts.

Mid-May – USAID releases \$50 million in budget support to Egypt in recognition of its accession to the World Trade Organization's Information Technology Agreement (ITA).

June 2003 – USAID and Egypt launch "IT in Schools" project to integrate IT into the classroom, create computer labs for students and teachers, and provide opportunities to use the labs as community learning centers.

June 25-26, 2003 - U.S., Egypt co-host major economic conference "Rising to the Challenge".

June 25, 2003 – USAID's ICT project inaugurates Trade Liaison Office (TLO) in Chantilly, VA.

July 1, 2003 - Mary Catherine Ott is named USAID/Egypt Deputy Director.

July 9, 2003 - USAID's Results Reporting Support Activity (RRSA) holds roundtable meeting to identify key challenges and possible interventions to Egypt's commercial law text, legal and regulatory regimes and enforcement.

July 13, 2003 – US-backed refrigerated terminal opens at Cairo International Airport.

August 3, 2003 - Alexandria inaugurates USAID-funded digital phone exchange.

August 4, 2003 - Kenneth C. Ellis is sworn in as Egypt Mission Director.

September 1, 2003 - USAID's Results Reporting Support Activity publishes the first volume of EGLink newsletter—a bi-monthly publication with timely information on activities, key issues and events related to Egypt's economic development.

Coming in October - USAID's Results Reporting Support Activity (RRSA) will launch an economic growth website on October 8, 2003, with information related to the results of USAID's Economic Growth Program, such as project objectives, results, services, beneficiaries, performance periods, investments, as well as key contact personnel and profiles of USAID personnel, implementing agencies and different Government of Egypt counterparts. The website address is: www.usaideconomic.org.eg

Current USAID Economic Growth and Trade Facilitation Projects

Activity Title, Funding and Timing	Implementing Agencies	Activity Description
<p>Development Support Program II (DSP II)</p> <p><i>Amount:</i> \$1.2 billion (\$200 million per year)</p> <p><i>Initiated:</i> FY 2001</p> <p><i>Completion:</i> FY 2007</p>	<p><i>Project Administrator:</i> USAID Contact - Ali Kamel, DSP Team Leader</p>	<p>DSP II is helping Egypt achieve planned policy reforms. It focuses on:</p> <ol style="list-style-type: none"> 1. Improving trade policy; 2. Enhancing competition and the regulations that govern it; 3. Improving the efficiency of resource allocation; 4. Improving fiscal policy and public debt management; 5. Enhancing and streamlining the financial sector and its regulations; 6. Liberalizing monetary policies; 7. Enhancing the business environment and investment opportunities; 8. Laying the foundation for reform of the civil service; and, 9. Promoting information, data transparency, and dissemination
<p>Technical Assistance to Support Economic Reform (TASER)</p> <p><i>Amount:</i> \$60 million</p> <p><i>Initiated:</i> FY 2000</p> <p><i>Completion:</i> FY 2006</p>	<p><i>Contractors:</i> Technical Assistance for Policy Reform (TAPR) - Chemonics International (www.chemonics.com); Assistance for Trade Reform (ATR) - Nathan Associates (www.nathaninc.com)</p>	<p>This project provides Egypt and selected research organizations with technical assistance to develop, carry out, monitor, and evaluate key elements of DSP II (see above). Two projects - Technical Assistance for Policy Reform (TAPR) and Assistance for Trade Reform (ATR) - fall under the TASER umbrella.</p> <p>TAPR conducts studies and analyses to help plan, support and monitor activities aimed at improving Egypt's economic policy framework. This includes planning and executing training programs, providing legal advice and services related to drafting and/or revising laws and their implementation regulations, legal translation services, and the collection and translation of relevant Egyptian laws.</p> <p>ATR started last year with a \$20 million contract to help the Ministry of Foreign Trade establish a WTO unit, liberalize remaining trade constraints, reengineer the foreign trade divisions, and provide training and IT equipment. Reform of the Egyptian insurance sector and intellectual property rights activities are underway.</p>

<p>Private Sector Commodity Import Program (CIP)</p> <p><i>Amount:</i> \$2.9 billion</p> <p><i>Initiated:</i> FY 1986 <i>Completion:</i> On going</p>	<p><i>Administrator:</i> USAID Contact - Robert Van Horn, Division Chief (rvanhorn@usaid.gov)</p>	<p>This program provides \$200-\$250 million per year in short and medium-term trade and investment-related financing for the import of U.S.-made goods. Financing is available for transactions valued as low as \$10,000, thereby encouraging small or emerging private sector businesses to participate. Preferential terms are available for investments in Upper Egypt, businesses that are increasing their exports, and for investments that benefit the environment. Since the initiation of those incentives, the program has financed \$102 million under the Upper Egypt initiative, \$34 million for exporters, and \$17 million for environmental equipment.</p> <p>Over 1,589 Egyptian private sector importers have imported goods valued at \$2.8 billion from 2,018 U.S. manufacturers and suppliers from 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands. The sectors benefiting from these investments include industry, agriculture, tourism, and health.</p> <p>During 2001 the program financed 740 individual commercial transactions totaling approximately \$227 million; 250 Egyptian firms benefited from the program, 39% of which are partially women-owned.</p>
<p>Capital Markets Development</p> <p><i>Amount:</i> \$32.2 million</p> <p><i>Initiated:</i> FY 1997 <i>Completion:</i> FY 2003</p>	<p><i>Contractor:</i> Chemonics International (www.chemonics.com)</p>	<p>This project is increasing the efficiency and transparency of Egypt's capital markets. Its achievements include:</p> <ol style="list-style-type: none"> 1. Assisting the Ministry of Finance in issuing the first Euro-Bond in June 2001; 2. Drafting listing, membership, and board rules to the Egyptian stock exchange; 3. Assisting the Government of Egypt in establishing a Settlement Guarantee Fund, which effectively eliminates settlement risk from the market; 4. Drafting a decree authorizing bond dealers; 5. Procuring hardware for a new trading system for the Cairo Alexandria Stock Exchange, firewalls for the Capital Markets Authority and Misr Clearing, Settlement and Central Depository, and an archiving system for the Capital Market Authority; 6. Reviewing the Depository Law that was passed in May 2000 and drafting the executive regulations for the law; 7. Designing and programming a book-entry system for the Central Bank of Egypt; 8. Training and providing technical assistance to the Ministry of Finance's newly established Debt Management Unit; and 9. Training financial journalists in-country and in the U.S. to ensure better and more accurate reporting.
<p>Partnership for Economic Reform</p> <p><i>Amount:</i> \$45 million</p> <p><i>Initiated:</i> FY 1997 <i>Completion:</i> FY 2005</p>	<p><i>Contractors:</i> Corporate Tax Activity - Bearing Point (formerly KPMG Consulting (www.bearingpoint.com); Data Access and Transmission Activity - Booz Allen Hamilton (www.data-egypt.org)</p>	<p>This project works to promote economic stabilization and structural adjustment in three areas.</p> <ol style="list-style-type: none"> 1. Corporate Tax - Assists the Ministry of Finance to develop and install a modern tax system that is conducive to investment, transparent, and equitable. 2. The Data Access and Transmission Activity (DATA) - Works with the Ministry of Planning to modernize the system of national accounting used to estimate and report economic activity. 3. Structural Adjustment and Support Activity - Promotes market liberalization and regulatory reform

<p>Information and Communications Technology</p> <p><i>Amount:</i> \$39.1 million</p> <p><i>Initiated:</i> FY 2000 <i>Completion:</i> FY 2007</p>	<p><i>Contractor:</i> General Dynamics (www.ict-eg.net)</p>	<p>This project seeks to improve Egyptian business competitiveness through enhanced adoption and diffusion of information and communications technology, including an improved legal and regulatory environment for ICT and expanded adoption and delivery of ICT in Egypt. It concentrates on the following priority areas:</p> <ol style="list-style-type: none"> 1. Improved Legal and Regulatory Environment for ICT 2. Increased E-Government and E-Commerce 3. Expanded Usage of ICT throughout Egypt 4. Grants to U.S and Egyptian NGOs to support increased development and adoption of ICT in Egypt. <p>In June 2003 the ICT project established a Trade Liaison Office (TLO) in Chantilly, Virginia for the Ministry of Information and Communication Technology (MCIT). Among other things, the TLO will serve as a database service facility with a website (www.ict-eg.net) aimed at providing the US market with a central point of access to information on Egypt's fast growing ICT industry, including company profiles and contact information. The TLO legal and regulatory database will feature information on conducting trade with and investing in Egypt, in addition to timely updates on Egyptian government tenders.</p>
<p>Growth Through Globalization (GTG)</p> <p><i>Amount:</i> \$120 million</p> <p><i>Initiated:</i> FY 1996 <i>Completion:</i> FY 2004</p>	<p><i>Contractors:</i> Chemonics International, ACDI/VOCA, Abt Associates, International Executive Services Corps</p>	<p>The GTG initiative seeks to accelerate economic growth and job creation in Egypt by increasing exports and labor productivity. Since 2000, GTG has focused on: (1) support for industrial clusters of Egyptian firms, especially dairy/livestock, horticulture, and processed food sectors; (2) support to more than 30 Egyptian business associations, with direct grants and in-kind support to provide selected services and facilitate implementation of policy and regulatory reform; and (3) strategic alliances and partnerships among Egyptian and U.S. private sector firms and non-profit organizations, through efforts of the U.S.-Egypt Business Council (www.us-egypt.org), ACDI/Aglink (www.acdivoca.org), the Global Trade and Technology Network (www.usqtn.net), ALEB (www.aleb.org), AmCham (www.amcham.org.eg), EEA/Expolink (www.expolink.org), and IESC (http://www.iesc.org/egyptcbs.htm).</p>
<p>Small Enterprise Credit</p> <p><i>Amount:</i> \$35 million</p> <p><i>Initiated:</i> FY 1991 <i>Completion:</i> FY 2005</p>	<p><i>Administrator:</i> USAID</p>	<p>This project, implemented through thirteen branch offices of the private National Bank for Development, seeks to increase small entrepreneurs' access to credit and other banking services. It also provides financing, technical assistance, training, and other services to small and medium-size enterprises (SMEs) throughout Egypt using a national web of lending organizations including banks, non-governmental organizations, and community development associations.</p>
<p>Small and Emerging Business Support</p> <p><i>Amount:</i> \$85 million</p> <p><i>Initiated:</i> FY 1997 <i>Completion:</i> FY 2005</p>	<p><i>Contractor:</i> Environmental Quality International</p>	<p>This project provides credit to Egyptian entrepreneurs who lack sufficient collateral to obtain loans from domestic banks. It also provides financial and technical resources to Egypt's small and micro enterprises and related development organizations, including NGOs, banks, and community development associations.</p>